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Procurement Task Force

Report of the Secretary-General*

I. Introduction

1. Following the identification in mid-2005 of shortcomings in the United Nations Procurement Service, notably, breaches of financial regulations and rules in a number of procurement cases at Headquarters and in peacekeeping operations, the Office of Internal Oversight Services established a small working group in October 2005 to operate for three months to address a number of outstanding procurement cases. The associated recommendations addressed a number of critical areas that needed improvement, including internal controls and procurement procedures. In this connection, as reflected in the report of the Secretary-General of 14 June 2006 (A/60/846/Add.5 and Corr.1), prompt action has been taken to implement the recommendations of the Office of Internal Oversight Services expeditiously. At the same time, the Office considered that potential risks identified pertaining to the most critical of some 200 outstanding cases in the United Nations procurement activities were of large financial impact and were likely to cause damage to the financial integrity and, hence, the reputation of the Organization. As the investigation of high-risk cases in areas other than procurement could not be set aside so as to concentrate all existing Investigation Division resources solely on procurement cases, in order to mitigate those risks and to address problems effectively and comprehensively, the Office of Internal Oversight Services Procurement Task Force was established in January 2006 for the investigation of procurement activities. The present report covers the terms of reference and other arrangements related to the Procurement Task Force.

* The present report is being submitted at this time to reflect the latest available information.

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II. Terms of reference

2. The Procurement Task Force was initially tasked with conducting expanded investigations of the Procurement Service in order to resolve the outstanding questions. Its inquiries focused on matters related directly to the Procurement Service, given the identification of this area as a key management concern.

3. The Procurement Task Force was to examine and report on procurement cases (a) referred to the Office of Internal Oversight Services in October and November 2005; (b) developed by the Office of Internal Oversight Services Investigation Division working group since its creation in October 2005 and (c) received after 1 December 2005. Procurement Service cases were organized according to priority, with the cases of most significance and potential for greatest impact on the Procurement Service being assigned top priority. The Task Force was further to assign priority to cases involving (a) senior officials of the Procurement Service and the Department of Management and (b) allegations of wrongdoing by Procurement Service staff.

III. Outputs

4. The planned outputs of the Task Force are as follows:

(a) A strategic plan that provides a list of the Procurement Service priority cases to the Under-Secretary-General for Internal Oversight Services. The plan is to include an estimate of the time needed to complete the cases and a timetable for interim reports;

(b) Monthly interim reports to the Under-Secretary-General for Internal Oversight Services providing an update on each of the priority Procurement Service cases, including any change in status or timetable and an explanation;

(c) Additional interim reports on any significant development on individual cases;

(d) A draft final case report for the review and approval of the Under-Secretary-General for Internal Oversight Services. The Under-Secretary-General would decide which of these reports would be provided to management, and in what form, and which may be provided to the General Assembly;

(e) A Procurement Service corruption assessment report at the completion of the work of the Task Force.

IV. Status

5. The Procurement Task Force became fully operational in mid-2006, when a full complement of qualified investigators and forensic investigative experts were retained. Throughout 2006, the Task Force has focused primarily on matters related to staff members placed on administrative leave with pay. While these investigations constitute only a portion of the procurement-related matters in the inventory of the Procurement Task Force, they require the dedication of virtually all its investigators and experts. It should be noted that while a number of complex fraud investigation cases were completed within six months, such cases typically take several years.

6. The Task Force has several significant complex matters in its inventory of cases currently under investigation, including more than 20 complex cases that justify continued examination. Virtually all of these investigations involve a complex series of transactions, vendors and thousands of documents and require interviews with many witnesses around the world. Further, the Task Force relies upon the production of documents from various sources, as well as the cooperation of vendors, departments within the Organization and law enforcement and other investigative bodies outside the Organization.

7. Given the foregoing, it is expected that the work of the Task Force will be concluded on 31 December 2007, with any residual cases still to be investigated to be handled within the regular caseload of the Investigation Division during 2008-2009. Given the nature and scope of its activities, charges for the Procurement Task Force will be apportioned between the peacekeeping budgets and the regular budget on the basis of the nature of the cases and will be dealt with in the context of the related performance reports. Consequently, no additional appropriation is requested.

V. Action required of the General Assembly

8. **The General Assembly may wish to take note of the present report.**